



CS FIRST BOSTON

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Mr. Alan Patricof
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Dear Alan:

I am writing to introduce Deepak Moorjani, an associate at LSG Advisors (successor to The Lodestar Group, the merchant bank I founded in 1988 and sold to Société Générale in 1993). He has been with the firm for three years and is exploring career opportunities in venture capital. His interest is in funding high-technology companies, and I think that it may make sense for him to talk to you or your designee.

Last summer, he received an offer to join Robertson Stephens. However, he decided to remain at LSG and has spent the bulk of his time trying to develop business in the technology sector. His long term goal is to fund these companies as a principal, and I have taken the liberty of suggesting that he be in direct touch with your office.

Best regards,

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Bob Baldwin's return to investment banking

■ Speaking of dealmakers: CEOs of undervalued companies may be getting a call from former Morgan Stanley chairman **Robert Baldwin**. After five years in semiretirement, Baldwin, 69, is chairman of a year-old investment banking boutique called Lodestar Group. With nearly \$300 million provided largely by Japanese investors, Lodestar has quietly acquired toehold stakes—less than 5%—in half a dozen companies.

Unlike the typical leveraged-buyout group, Lodestar won't acquire more than 20% unless the managers are amenable. "I'm sure they're intimidated at first," Baldwin says. "When we call, they probably think, 'Okay, here it comes.' But we tell them there's no need to get excited." Baldwin and his Lodestar partners—Merrill Lynch alums **Ken Miller** and **Tull Gearreald**—say they're content to cajole reluctant top officers into restructuring the company or taking it private. Lodestar stands to pick up underwriting fees and hopes to see its holdings run up in value.

An example of Lodestar's finesse is the proposed restructuring of Kinder-Care, the \$572-million-a-year company in Montgomery, Alabama, that started with day care centers and diversified with mixed success into shoe stores, savings and loans, and insurance. Lodestar's partners argued that the company would look better to investors if it were less cluttered. So Kinder-Care is spinning off the day care subsidiary. Says CEO **Richard Grassgreen**: "Their word was clearly to be trusted." No wonder. Baldwin, who built Morgan Stanley into a Wall Street powerhouse during his ten years as chief, has been called "the Boy Scout of the investment banking business."

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Robert Baldwin: the gentle persuader

